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STATE FOR SCA/CEN (M. O'MARA) AND ISN/CTR (E. CAMERON)

E.O. 12958: N/A

TAGS: [PARM](#) [PREL](#) [CBW](#) [CWC](#) [KZ](#)

SUBJECT: KAZAKHSTAN: PAVLODAR CHEMICAL PLANT SOLD

¶1. The Pavlodar Chemical Plant was sold at auction on March 26 to Bazalt PV for 1.5 billion tenge (\$13 million). All of the plants assets - the buildings on the plant's territory, equipment and transport, and the Bylkyldak retention lake - were sold as one lot. Little is known about Bazalt PV. In response to press inquiries, neither the bankruptcy administrator nor the Pavlodar Oblast Department for Industry were able to provide any information about Bazalt's activities. The company has not yet announced whether it will resume chemical production at the plant.

¶2. The auction marked a third attempt to sell the Pavlodar Chemical Plant after it declared bankruptcy in 2005. Each of the first two auctions attracted only one bidder because of a requirement that all bidders possess a phosphorus pentasulphide handling license. Three bidders participated in the third auction after the handling license requirement was dropped. The two losing bidders challenged the legality of the auction, claiming that Bazalt submitted its tender documents after the deadline for auction registration. On April 19, a Pavlodar Oblast court dismissed the claim of the losing bidders.

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